

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7039**

**BILL NUMBER:** HB 1196

**NOTE PREPARED:** Dec 28, 2006

**BILL AMENDED:**

**SUBJECT:** Investment Managers for Pension Funds.

**FIRST AUTHOR:** Rep. Crawford

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires the boards of trustees of the Public Employees' Retirement Fund (PERF) and the Indiana State Teachers' Retirement Fund (TRF) to employ investment managers that are minority business enterprises or women-owned business enterprises. It specifies that 15% of the assets of each fund must be placed under the investment control of an investment manager that is a minority business enterprise and 5% of the assets of each fund must be placed under the investment control of an investment manager that is a women-owned business enterprise.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** *Teachers' Retirement Fund:* The market value of the TRF investments totaled \$5.178 B. Minority businesses currently manage \$504 M in assets, representing 9.7% of the total, and women-owned business enterprises manage \$118 M in assets, representing 2.3% of the total. In order to reach goals specified in the bill, MBEs would need to be allocated an additional \$273 M (an additional 5.3%) and WBEs would need to be allocated an additional \$141 M (an additional 2.7%).

*Public Employees' Retirement Fund:* As of October 31, 2006, the market value of the Consolidated Retirement Investment Fund (CRIF) for PERF totaled \$14.618 B. PERF's exposure to Minority Women Business Enterprise (MWBE) managers amounted to \$354 M, or 2.5% of the total. Currently, PERF's listing encompasses both minority business enterprises and women-owned business enterprises under the listing of MWBE. In order to reach the goals specified in the bill (i.e., a total of 20% of the funds under PERF's management), the MWBEs would need to be allocated an additional \$2.570 B (an additional 17.5%).

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Public Employees' Retirement Fund; Indiana State Teachers' Retirement Fund.

**Information Sources:** David Adams, Director, Public Employees' Retirement Fund, 317-233-4133; Bob Newland, Chief Investment Officer, Teachers' Retirement Fund, 317-232-3868.

**Fiscal Analyst:** James Sperlik, 317-232-9866.